

## Message Text

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PAGE 01 STATE 147417  
ORIGIN NEA-11

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DRAFTED BY NEA/ARP:J J ZIOLKOWSKI:LB  
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C O N F I D E N T I A L STATE 147417

STADIS/////////  
FOR THE AMBASSADOR AND MR. GERLACH

E.O. 11652: GDS

TAGS: EFIN

SUBJECT: TAXATION OF U.S. CITIZENS OVERSEAS -- UPDATE

1. FOLLOWING IS EXCERPT FROM JUNE 6 WASHINGTON POST  
REPORT ON TAX PROPOSALS. QUOTE: WAYS AND MEANS SUBCOMMIT-  
TEE INDICATED YESTERDAY IT IS ABOUT TO UNDO 1976 LEGISLA-  
TION THAT TIGHTENED THE TAX TREATMENT OF AMERICANS LIVING  
OVERSEAS -- AND MAY END UP RECOMMENDING AN ENLARGEMENT OF  
THE PRE-1976 TAX BREAK.

THE PANEL, HEADED BY REP JOE D. WAGGONER (D-LA.), BEGAN A  
DRAFTING SESSION YESTERDAY BY DECIDING TO CONSIDER SEVERAL  
OF THE MOST GENEROUS ALTERNATIVES THAT HAVE BEEN PROPOSED  
AND "THEN WORK DOWN FROM THERE."

MOST OBSERVERS EXPECT THE PANEL TO DRAFT A BILL THAT WOULD  
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PAGE 02 STATE 147417

PROVIDE LARGE TAX BREAKS TO AMERICANS WORKING ABROAD. THE  
SENATE AND THE HOUSE ARE DEADLOCKED OVER PREVIOUS LEGIS-  
LATION. END QUOTE.

2. CHARLS WALKER REPORTS THAT HOUSE WAYS AND MEANS SUBCOM-  
MITTEE CONSIDERING OVERHAUL OF SECTION 911 HAS PRODUCED  
A DRAFT VERY FAVORABLE TO U.S. TAXPAYERS OVERSEAS. WALKER

SAID SUBCOMMITTEE IS USING MOST GENEROUS PROVISIONS ON

COST OF LIVING, HOUSING, EDUCATION, HOME LEAVE, REST AND RECREATION, FROM BILLS SUBMITTED BY CONGRESSMEN JONES, HOLLINS, AND CRANE, AND BY TREASURY. ACCORDING TO WALKER, SUBCOMMITTEE WILL ALSO PROPOSE RESTORATION OF DOLS 20,000 EXCLUSION OR DOLS 25,000 EXCLUSION, LATTER FOR THOSE CITIZENS RESIDING MORE THAN THREE YEARS OVERSEAS. WALKER SAID EXCLUSIONS WOULD BOTH BE "OFF THE TOP" AND INDEXED FOR INFLATION. HE ADDED THAT ONLY "NEGATIVE" RECOMMENDATION BY SUBCOMMITTEE WAS THAT EXCLUSIONS WOULD NOT REPEAT NOT APPLY TO U.S. CITIZENS IN WESTERN EUROPE AND CANADA. THEY WOULD HOWEVER BE ALLOWED DEDUCTIONS.

3. NEA/ARP WILL ATTEMPT TO CALL AMBASSADOR MONDAY, JUNE 12, AT 9 A.M. WASHINGTON TIME.  
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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PROGRESS REPORTS, US CONGRESSIONAL HEARINGS, TAX RELIEF, FOREIGN WORKERS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 jun 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Unique ID:** 00  
**Drafter:** J J ZIOLKOWSKI:LB  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
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**Original Handling Restrictions:** ONLY, STADIS  
**Original Previous Classification:** n/a  
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**Subject:** TAXATION OF U.S. CITIZENS OVERSEAS -- UPDATE  
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**Review Markings:**  
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